

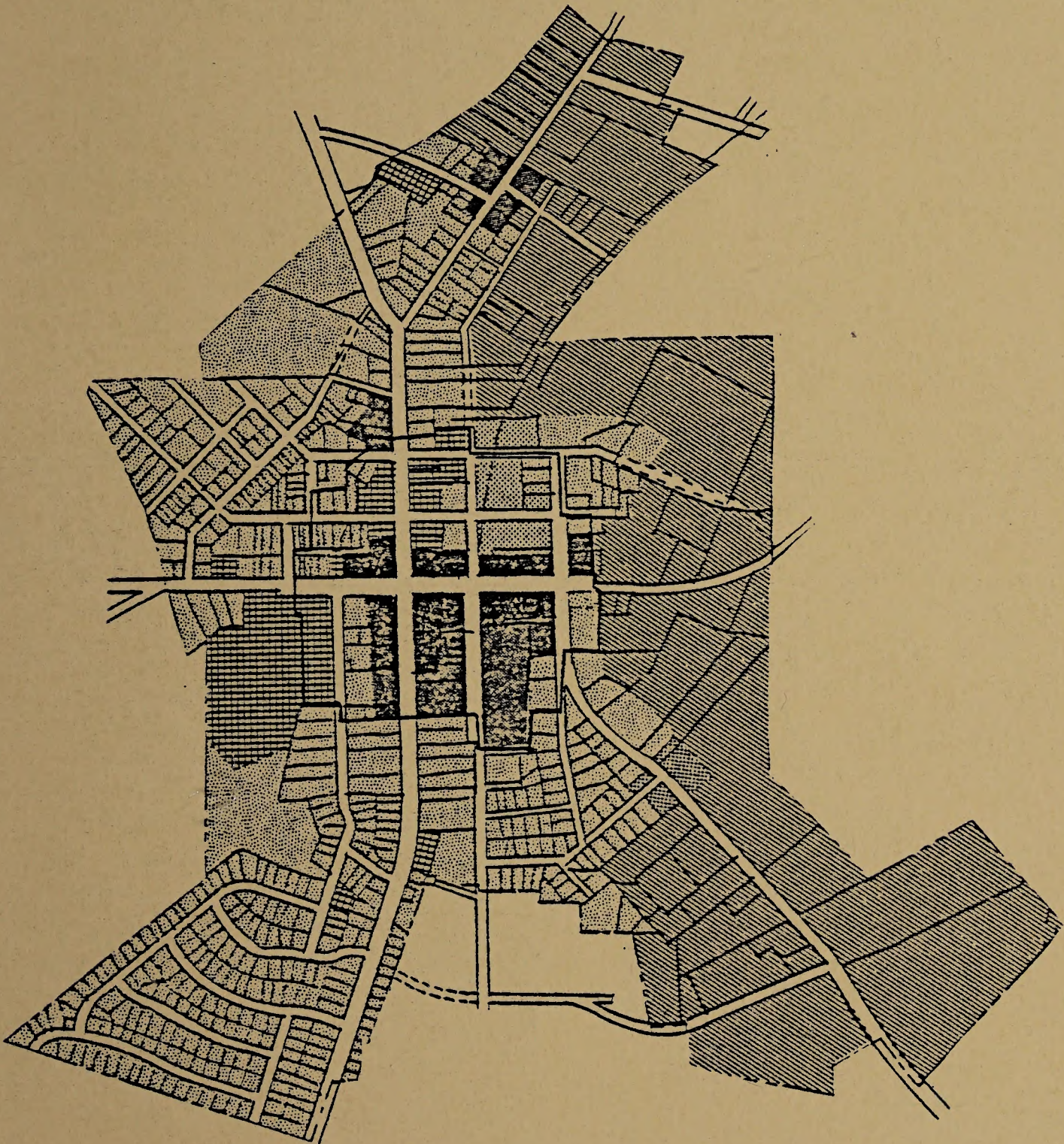
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HOUSING PLAN

AUG 9 1978



FOR MATTHEWS, N. C.

ABSTRACT

TITLE: Housing Plan
 Matthews, North Carolina

AUTHOR: Centralina Council of Governments
 P.O. Box 4168
 Charlotte, North Carolina 28204

SUBJECT: A Housing Plan for Matthews, North Carolina

DATE: Adopted on April 10, 1978

PLANNING AGENCY: Centralina Council of Governments
 P.O. Box 4168
 Charlotte, North Carolina 28204

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 Policy Development Division, North Carolina Department of
 Administration, Raleigh, N.C. 27116

ABSTRACT: The Matthews Housing Plan contains an analysis of past and
 present housing characteristics, an examination of environ-
 mental/neighborhood quality, an analysis of the demand for
 housing, and population and housing projections for the
 twenty-two year planning period. The Plan also establishes
 housing goals and objectives for Matthews, a program designed
 to accomplish these goals and mechanisms to evaluate, coordina
 and implement the housing program. The Housing Plan and the
 accompanying Land Use Plan were developed using the same
 data base to ensure internal and external consistency.
 Throughout the analysis, the plan identifies existing or
 potential housing problems which are then addressed in the
 housing goals and program. The primary implementing activity
 is the initiation of supplemental studies that will provide
 Matthews with a decision-making framework relevant to the
 needs of the community.



North Carolina Department of Natural Resources & Community Development

James B. Hunt, Jr., Governor

Norman M. Lee, Secretary

June 13, 1978

Town of Matthews

The Honorable Clay T. Jolley, Mayor
Mayor of Matthews
Town Hall
Matthews, North Carolina

Town of Matthews
Box 398
Matthews, NC 28105

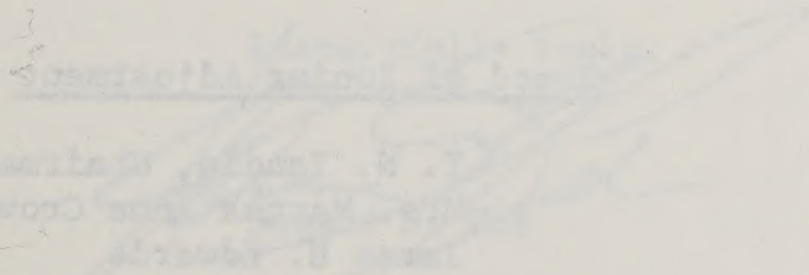
Dear Mayor Jolley:

It is my pleasure to inform you that the Housing Plan for Matthews, NC, which was submitted to me on April 10, 1978, has been approved by the Department of Natural Resources & Community Development. This letter will serve as official notice of certification for approval of the plan under the auspices of the HUD Comprehensive Planning Assistance Program. Based on current regulations for that program, this certification of approval is in effect for a period of one year, beginning on the date of this letter.

Housing Plan for Matthews, NC

Adopted on April 10, 1978

With kindest regards and appreciation,


Norman M. Lee, Secretary
Miss Alice Russell

cc: Mr. Charles W. Strawn
U.S. Department of Housing and
Urban Development
Atlanta, Georgia

Copies

Continental Council of Governments

PREPARATION OF THIS REPORT WAS FINANCED IN PART THROUGH A COMPREHENSIVE PLANNING GRANT FROM THE DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT OF THE STATE OF NORTH CAROLINA

Town of Matthews, North Carolina

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James W. Cockman
Justice C. Daniel
H. Edward Pressley
Kenneth H. Wise
L. H. Yandle

Town Clerk

Mrs. Juanita Jordan

Planning and Zoning Board

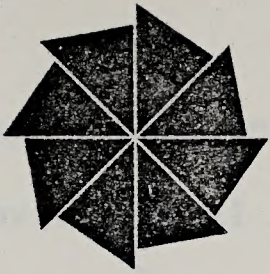
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Centralina Council of Governments



North Carolina Department of Natural Resources & Community Development

James B. Hunt, Jr., Governor

Howard N. Lee, Secretary

June 15, 1978

The Honorable Clay T. Lefler
Mayor of Matthews
Town Hall
Matthews, North Carolina 28105

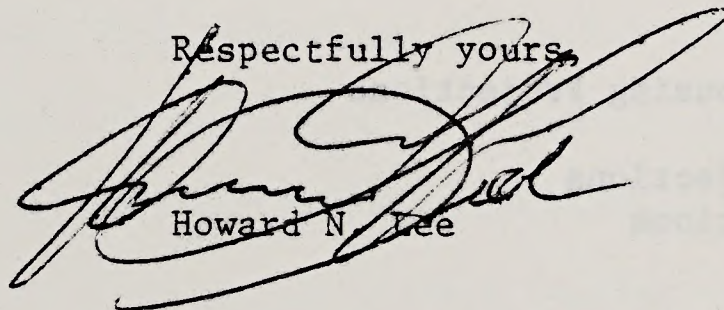
Dear Mayor Lefler:

It is my pleasant duty to inform you that the land use and housing plans submitted in behalf of the Town of Matthews have now received favorable review. This letter will serve as the Town of Matthews' official notice of certification for continued eligibility as an applicant for funds under the auspices of the HUD Comprehensive Planning Assistance Program. Based on current regulations for that program, this certification of eligibility is to remain in force subject to a biennial review by the State (or HUD) beginning no later than June 15, 1980.

I commend you and your associates for the good efforts that you are making in your town. Please feel free to call on me and this department's staff at any time that you feel we may be of assistance to you.

With kindest regards and best wishes, I am

Respectfully yours,



Howard N. Lee

HNL:jc

cc: Mr. Charles N. Straub
U.S. Department of Housing and
Urban Development
Atlanta, Georgia

TABLE OF CONTENTS

Introduction	1
Housing Supply	3
Summary of 1970 Housing Characteristics	3
Housing Units by Type	3
Plumbing Characteristics	4
Occupancy Rates	4
Financial Characteristics	6
Summary	7
Housing Characteristics for Those Areas Annexed Since 1970	10
Overview	11
Eastern Section	13
Southern Section	13
Western and Northwestern Sections	13
Crestdale	14
Summary	14
Environmental/Neighborhood Quality	17
Streets	17
Water and Sewer Systems	17
Recreation	18
Vacant Land	18
Demand for Housing	19
Population and Household Characteristics	19
Age/Sex	19
Race	19
Household Size	20
Income	20
Education	21
Summary	22
Population and Housing Projections	24
Assumptions	24
Population Projections	24
Housing Projections	25
Unassisted	25
Assisted	25
Elderly	27
Handicapped	27
Female Head of Household	27
Large Family	27
Summary of Gap Between Existing and Projected Housing Supply and Housing Needs	27
Goals, Activities, Housing Program and Policies	28
Goals	28
Activities	29
Housing Program	30
Annual Objectives	33
Housing Policies	35

Implementation, Coordination and Evaluation	37
Environmental Assessment	41
Historical Assessment	45
Appendix	49
Federal and State Housing Assistance Programs	

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Introduction

The purpose of this study is to assist Matthews in establishing a decision-making framework for the provision of housing, both conventional and assisted, within its jurisdiction. The housing needs of Matthews have been measured and documented. Goals, policies and programs have been formulated to respond to these needs. The study discusses obstacles and impediments to the provision of housing and proposes strategies designed to meet both the existing and future assisted and non-assisted housing needs of the Town. The rationale for such a study is very basic. Traditionally the very poor have always had a difficult time finding adequate affordable housing. This continues to be a problem faced by poorer persons across the nation. The problem has expanded however from the poor to those households that could be considered "non-poor". These households have incomes too high to qualify for the various federal assistance programs presently being funded. Yet those same incomes are too low for them to fully participate in the current housing market. This study then addresses the housing needs of all of the residents of Matthews with the intent of helping Matthews assume its full role in the housing process - a process which involves numerous participants in both the public and private sectors.

The study contains many sections, each supplementing the information found in others, culminating in a section containing broad goals and proposed policies related to housing.

The methodology of the study is simple. All available data, including previously completed studies and 1970 Census information was explored to determine the nature and extent of housing needs. A survey was conducted to establish an updated status of the numbers of housing units and their condition. Such a survey was a necessity considering the amount of time that has elapsed since 1970 and the numerous annexations which have occurred since then. Current population estimates and projections were computed. Other planning methodologies were employed to make updated estimates of housing/household characteristics not generally available from other sources. The findings of the study were carefully analyzed by the Matthews Planning Board, who participated fully in preparation of the Plan and its recommendations.

The Plan establishes annual goals which Matthews will strive to accomplish. These goals are in numerical terms, representing both assisted and non-assisted housing units as the needs were determined. The total housing plan preparation process will enable Matthews for the first time to fully understand the housing needs of its population. With this understanding, the governing board will be able to take appropriate action by the design of a program of activities the Town can undertake to provide a wider range of housing opportunities.

Development of the Plan was also coordinated with the preparation of a Land Use Plan for Matthews which suggests policies and development strategies to ensure orderly progressive growth of the community in the future. Housing and land use are closely correlated because a common data base was utilized in preparation of both plans, to insure consistency.

SUMMARY OF 1970 HOUSING CHARACTERISTICS

The purpose of this section is to provide the reader with background information concerning the housing stock in Matthews as it existed for the 1970 Census. Statistics for Mecklenburg County are used in some analyses as a means of providing a reference point for comparison purposes. Other sections of this study will discuss the housing stock as it existed in 1977 and provide projections of future housing in Matthews. The data found in the tables and narrative came from three primary sources: 1970 Census of Housing - Detailed Housing Characteristics, the 1970 Census of Population - General social and economic characteristics, and Appendix III of the Regional Housing Plan (source - Centralina Council of Governments).

Housing Units by Type

As is the case across the nation, the single family unit is the predominant dwelling unit in Matthews' housing stock. Statistics show that of the 283 total housing units reported for Matthews in 1970, 245 of them were single family units. This figure represents 86.6% of the total housing stock. Duplex/multi-family units combined accounted for 11% (31 units) and mobile homes for 2.4% (7 units) of the total. Table 1 contains housing type statistics for Matthews and Mecklenburg County.

TABLE 1

HOUSING UNITS BY TYPE - 1970

	<u>Matthews</u>		<u>Mecklenburg</u>	
	# Units	% Total	# Units	% Total
Single Family	245	86.6	83,204	72.5
Duplex/Multi-Family	31	11.0	27,770	24.0
Mobile Home	<u>7</u>	<u>2.4</u>	<u>3,762</u>	<u>3.5</u>
TOTAL	283	100.0	114,736	100.0

Source: U.S. Census, 1970.

A percentage comparison reveals that Matthews had a proportionately higher number of single family units than did the County, but also a proportionately lower number of duplex/multi-family units. This situation can be attributed to the varying housing market demands found in Charlotte, the major influence in County housing statistics, and Matthews. The mobile home statistics for Matthews and Mecklenburg County from a percentage point of view do not vary to any significant degree.

Plumbing Characteristics

Because a detailed breakout of housing unit conditions (standard, deteriorating and dilapidated) was not available for Matthews from 1970 Census information, the following discussion will involve plumbing characteristics of the dwelling units. For this purpose, it is assumed that lack of plumbing facilities indicates a substandard house. This is a general statement not intended to be applied to specific houses. Since 1970, however, few houses have been built in Mecklenburg County without plumbing facilities. This indicates that houses without plumbing facilities are either old or substandard according to today's building standards. Census information shows that in 1970, 18 houses (6.4%) of Matthews total of 283 houses lacked some or all plumbing facilities. The remaining 265 units (93.6%) contained all plumbing facilities. The percentage of houses containing all plumbing facilities was below the percentage figure for Mecklenburg County 93.6% to 98.0% respectively, and percentage-wise Matthews had a greater percentage of housing units lacking some or all plumbing facilities - 6.4% to 2%. In the discussion of housing stock as it existed in 1977, the more traditional housing condition classifications will be used.

Occupancy Rates

The statistics found in this section concern owner and renter occupied units, vacancies, minority owner and renter occupied units, overcrowded units,

occupied units by number of people per unit, and household size. Table 2 shows the owner occupied/renter occupied characteristics of Matthews housing stock.

TABLE 2

OWNER OCCUPIED/RENTER OCCUPIED CHARACTERISTICS

	Matthews		Mecklenburg	
	# of Units	% of Total	# of Units	% of Total
Owner	191	67.5	65,868	57.0
Renter	84	29.7	43,664	38.0
Vacant	8	2.8	5,204	5.0
TOTAL	283	100.0	114,736	100.0

Source: U.S. Census, 1970.

Of the 283 housing units in Matthews, 191 (67.5%) were owner occupied, 84 (29.7%) renter occupied, and 8 (2.8%) were vacant. In Matthews then of the 283 housing units, 275 are occupied and 8 are vacant. These figures compare quite favorably with Mecklenburg County which had 57.0% of its housing stock owner occupied, 38.0% renter occupied, and 5.0% vacant. The primary reason for these differences can be attributed to the large amount of renter units (mostly apartments) located in the Charlotte area. The low vacancy rate indicates that in 1970 the housing market in Matthews was relatively restricted. Restricted in the sense that prospective home buyers or renters had fewer choices to select from. Minority owner/renter occupied statistics reveal that one housing unit was owned and occupied by a minority group member and that only two units were rented by minority group members. Stated in terms of percentages, 3.5 tenths of one percent of the housing in Matthews was minority owner occupied and 7 tenths of one percent of the total was minority renter occupied. These statistics suggest that housing opportunities for minorities in Matthews were severely restricted in 1970. The incidence of overcrowding in Matthews was also minimal

(5.3% or 15 units). This figure compares favorably with Mecklenburg County which showed a 7% rate of overcrowding. The following table shows the number of people per unit statistics for Matthews in 1970.

TABLE 3
OCCUPIED UNITS BY
NUMBER OF PEOPLE PER UNIT

People	Matthews		Mecklenburg	
	# of Units	% of Total	# of Units	% of Total
1	55	20	15,987	15
2	84	31	30,475	28
3	55	20	21,459	20
4	35	13	20,251	18
5	34	12	11,258	10
6	6	2	5,573	5
7	1	-	2,896	3
8+	5	2	1,633	1
TOTAL	275	100.0	109,532	100.0

Source: U.S. Census, 1970.

From table 3 it can be concluded that a majority of the housing units in Matthews and Mecklenburg County are occupied by four or fewer people per unit. The average household size for Matthews in 1970 was 2.85 persons per unit. This figure is lower than the 3.17 persons per unit household size of Mecklenburg County.

Financial Characteristics

Tables 4 and 5 reveal that in 1970 the housing situation for Matthews had two primary characteristics - a weak multi-family rental market and a predominance of older homes.

TABLE 4

OWNER OCCUPIED - VALUE OF HOUSE 1970*

<u>Value Range (\$)</u>	<u>Number of Units</u>	<u>Percent of Total</u>
Less Than \$5,000	4	2.3
5,000 - 9,999	28	16.1
10,000 - 14,999	54	31.0
15,000 - 19,999	60	34.5
20,000 - 24,999	20	11.5
25,000 - 34,999	7	4.1
35,000 - 49,999	1	.5
50,000 -	0	0
	<u>174</u>	<u>100.0</u>

Source: U.S. Census, 1970.

*Housing units for which value is tabulated.

The approximate median value for a house in Matthews was \$15,000 in 1970. This figure was substantially lower than the \$24,400 value/unit for Mecklenburg County for 1970. However, the difference can be attributed to the expanding housing market of Mecklenburg County with the costs of newer houses offsetting the value of older homes. These figures point out the fact that in 1970 the housing market in Matthews was not expanding but was composed of older units. In the seven years since the 1970 Census was taken, several new housing developments have been built in the Matthews area - some being annexed. These annexations will alter Matthews housing profile in the 1980 Census to show higher value of housing units.

TABLE 5

RENTER OCCUPIED - RENTAL RATES 1970

Value Range (\$)	Number of Units	Percent of Total
Less than 40	7	10.0
40-59	24	34.3
60-79	19	27.1
80-99	8	11.4
100-119	3	4.3
120-149	3	4.3
150-199	0	0
200-299	0	0
300+	0	0
No Payment of Cash Rent	<u>6</u> 70	<u>8.6</u> 100.0

Source: U.S. Census, 1970.

The major conclusion to be drawn from table five is that the multi-family rental market in Matthews is weak. This conclusion is supported by the number of units available for renting and the corresponding low rent levels. The median rent in Matthews was between \$60 to \$70, compared with a median rent for Mecklenburg County of \$110.

Housing Summary

The following statements best characterize the housing situation in Matthews as it existed in 1970.

- Predominantly single family units
- A lack of duplex/multi-family housing.
- A high percentage of units (93.6%) with all of the necessary plumbing facilities.
- A large percentage of owner - occupied housing.

- A small vacancy rate, indicating a restricted housing market.
- A very small percentage of minority owner and renter occupied housing units, indicating that minority housing opportunities were minimal.
- An average household size of 2.78 persons per unit.
- A predominance of older homes indicated by a relatively low median value per unit.

HOUSING CHARACTERISTICS FOR THOSE AREAS ANNEXED SINCE 1970

An explanation concerning the determination of housing conditions is necessary at this point. The 1970 Census categorized houses based on the existence of plumbing facilities -- those units with all the standard plumbing facilities and those units lacking some or all of the standard plumbing facilities. Based on these categories, an assumption was made that those units containing all of the standard plumbing facilities were standard, and that those units lacking some or all standard plumbing facilities were substandard. An explanation of this assumption can be found in the 1970 Housing Characteristics section. Because the Census is taken every ten years housing statistics that reflect the present housing situation in Matthews were not available. Therefore, a housing inventory was undertaken and completed in the Fall of 1977. Three housing condition classifications were used in this inventory -- standard, deteriorating and dilapidated. These were defined as followed:

1. STANDARD: Structure that has no or only slightly visible defects which are normally corrected during the course of regular maintenance;
2. DETERIORATING: Structure that needs more repair than would be provided in the course of regular maintenance. Such a structure has one or more defects of an intermediate nature that must be corrected if the unit is to continue to provide safe and adequate shelter;
3. DILAPIDATED: Structure that does not provide safe and adequate shelter and in its present condition endangers the health, safety, or well-being of the occupants. Defects are either so critical or so widespread that the structure should be extensively repaired, rebuilt, or torn down.

Although the two condition classification systems are based on different criteria, they are similar in that each indicates standard and substandard units.

Therefore, for the purposes of the following sections, a standard unit will be one that contains all standard plumbing facilities and meets the definition of a standard unit as used in the 1977 inventory. A substandard unit will be one that lacks some or all plumbing facilities and is considered deteriorating or dilapidated.

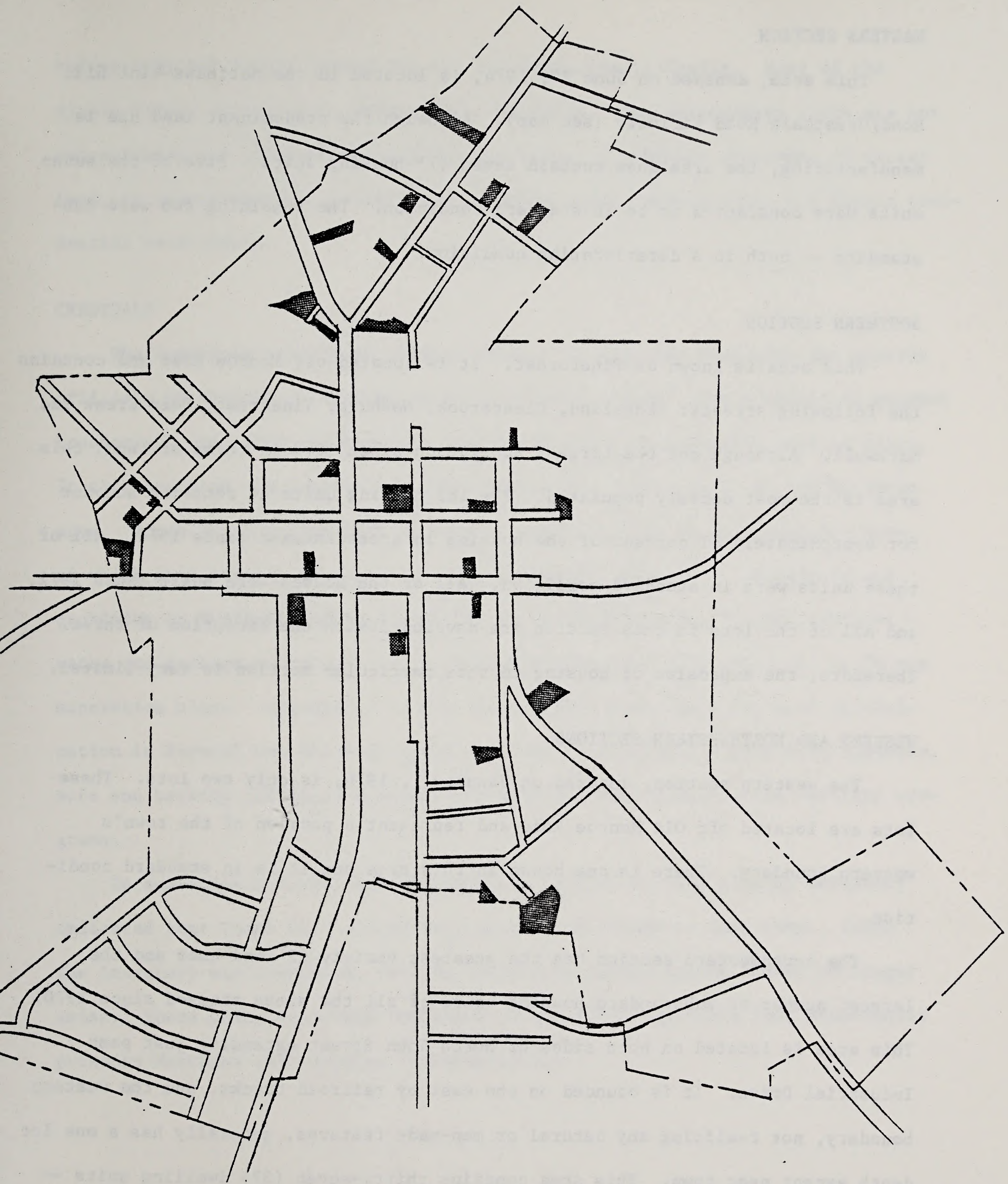
Since the Census of 1970, Matthews has annexed some large areas. Three of these areas are residential in character. These annexations have significantly altered Matthews' housing stock by adding 227 dwelling units to the 1970 count. A Fall of 1977 housing count indicated a new total of 468 units, an increase of 94 percent. Of the 227 additional units, 225 are single family dwellings and two are duplex/multi-family units. The following table contains the housing statistics for those areas annexed since 1970.

	Single Family	Duplex/ Multi- Family	Mobile Home	Total
Standard	214	2	-	216
Deteriorating	9	-	-	9
Dilapidated	2	-	-	2
TOTAL	225	2	0	227

Source: Centralina Council of Governments, 1977.

From the preceding table, it can be determined that in the areas annexed since 1970, 95 percent (214) of the housing units are single family units in standard condition, five percent (11) are substandard single family units, and one percent (2) are duplex/multi-family units in standard condition. See Map.

The next three sections will detail the housing characteristics of each of the post-1970 annexed areas. Because of their location, each section will be referred to geographically.



The Pattern of Lots Containing Residential Structures in
Deteriorating or Dilapidated Condition in October, 1977

EASTERN SECTION

This area, annexed on June 29, 1974, is located in the Matthews-Mint Hill Road/Crestdale Road vicinity (see map). Although the predominant land use is manufacturing, the area does contain seven (7) housing units. Five of the seven units were considered to be in standard condition. The remaining two were substandard -- both in a deteriorating condition.

SOUTHERN SECTION

This area is known as Pineforest. It is located off Monroe Road and contains the following streets: Edgeland, Clearbrook, Newburg, Vinecrest, Deer Creek and Markwell. Although not the largest annexation since 1970 in terms of land, this area is the most densely populated. The 183 housing units it contains account for approximately 81 percent of the housing in areas annexed since 1970. All of these units were in standard condition. All of the houses were built since 1972, and all of the lots in this section are developed with the exception of three. Therefore, the expansion of housing in this particular section is very limited.

WESTERN AND NORTHWESTERN SECTIONS

The western section, annexed on January 1, 1976, is only two lots. These lots are located off Old Monroe Road and represent a portion of the town's western boundary. There is one house in this area and it is in standard condition.

The northwestern section has the greatest variety of land uses and the largest number of substandard housing units of all the areas annexed since 1970. This area is located on both sides of North John Street extending just past Industrial Drive. It is bounded on the east by railroad tracks, and the western boundary, not realizing any natural or man-made features, generally has a one lot depth except near town. This area contains thirty-seven (37) dwelling units --

thirty-five are single family and two are duplex/multi-family. Nine of the single family units are in substandard condition. The substandard units are not concentrated but scattered throughout the area. A relative abundance of vacant land, if geographically suitable and properly zoned, should allow for future residential development.

CRESTDALE

The Crestdale area is of primary concern to both the residents and elected officials of Matthews. Located on the southeast side of Town adjacent to present boundaries, this area contains the largest number of substandard housing units. It also contains the largest concentration of non-white people in the Matthews area. There are approximately 55 housing units located in the Crestdale area of which over seventy per cent are in substandard condition. Because of its proximity to Matthews and the fact that it is receiving some public services - water and garbage collection - the Crestdale area figures prominently in future annexation plans. Annexation of this area would necessitate Matthews participation in Federal and State programs designed to provide and ensure an adequate, safe and healthy living environment - primarily housing and public facility programs.

To summarize the previous two sections, a Fall of 1977 housing inventory indicated that there were 468 housing units in Matthews at that time. Since the inventory was completed, several units have become vacant and/or no longer exist. These changes are not reflected in the following table that numerically presents Matthews 1977 housing characteristics.

MATTHEWS

HOUSING CHARACTERISTICS - 1977

<u>Condition</u>	<u>Single Family</u>	<u>Duplex/ Multi-Family</u>	<u>Mobile Home</u>	<u>Total</u>
Standard	408	26	-	434
Deteriorated	23	Ø	1	24
Dilapidated	<u>10</u>	<u>Ø</u>	<u>-</u>	<u>10</u>
TOTAL	441	26	1	468

SOURCE: Centralina Council of Governments, 1977.

From this table it can be determined that 94 per cent of Matthews' housing stock is single family units with duplex/multi-family units accounting for just under 6 per cent and the one mobile home unit only a fraction of one per cent. Of the existing housing stock, 93 per cent (434) of the units were in standard condition, 5 per cent (24) in deteriorating condition and 2 per cent (10) dilapidated. The preceding map shows the location of the substandard units.

Substandard housing in Matthews appears to have no pattern but is scattered in nature. Therefore the identification of pockets of blighted housing is not possible. In general terms though, the northern quadrants of town appear to contain more substandard units than the southern quadrants. The Ames Street/Matthews Street and the Main Street/Fremont Street areas contain more substandard units than any other area in the Town. These areas however cannot be considered pockets of substandard housing. In summarizing then, the housing situation in Matthews in 1977 can be considered good with few problems. Major housing opportunity gaps exist in the lack of duplex/multi-family units, mobile homes and assisted units. Although not easily discernible, it appears that Matthews contains no assisted dwelling units. These seemingly unimportant elements in Matthews' stable housing market are important when considering the filtering process in housing. Through the filtering process, housing

becomes available to all segments of the population by an upwardly mobile trend with each population/economic group moving into housing increasing in value making housing more available at the lower end of the housing spectrum.

Environmental/Neighborhood Quality

This section will briefly discuss those factors that have an indirect influence on the housing situation in Matthews - the streets, water and sewer system, recreation, and vacant land.

The streets in Matthews are generally in good condition. They are well maintained and with the exception of possible traffic volume inadequacies serve the needs of Matthews residents. Recent proposals concerning an outer-loop around Charlotte have resulted in much concern in Matthews about future land use and residential development. A little confusion exists concerning right of ways - whether existing or on paper. This confusion is not critical and can be handled as specific situations arise. Recent repair of the railroad crossing where it intersects with Highway 51 eliminated the only real problem with streets in Matthews. Outside of the city limits in peripheral residential areas, some roads remain unpaved and with poor drainage. Upgrading of these streets will occur as annexations take place.

The Matthews water supply and distribution system is estimated to currently serve a population of about 1,660 people through a total of 607 connections of which 604 are metered. The service area for the water distribution system includes all of the town and approximately 190 people in fringe areas.¹ Finished water is purchased from the Charlotte/Mecklenburg Utility District. The only deficiencies found in the system were significant water losses due to leaks in

¹Source: NCDHR, A SURVEY OF MUNICIPAL WATER SUPPLIES OF NORTH CAROLINA, 1977.

the distribution network, sporadic problems with a lack of adequate pressure and inadequate laboratory testing facilities. The Town has plans for future expansion with the addition of an elevated water storage tank or connection onto the Charlotte/Mecklenburg system. Discussions with the Town Engineer have revealed that the existing sewer system is adequate but will have to be expanded to accommodate future growth. In a step by step process, the sewer system is being connected to the Charlotte/Mecklenburg sewer system with one outfall under construction and the final outfall project slated for future completion.

Recreational opportunities in Matthews, although not abundant, are adequate. Only one public recreation area exists within the Town limits with the exception of the school and its recreation fields. A private swim club exists off Sam Newell Road and the Matthews Athletic Association operates Goodman Park on the southwest side of town. Goodman Park presently covers approximately 20 acres with the possibility of options being exercised on an additional 20 acres. This area provides a variety of recreational opportunities to all the residents of Matthews.

A Fall of 1977 land use inventory revealed that Matthews has approximately 194 acres of vacant or agricultural land. This relative abundance of potentially developable land should easily accommodate the land use needs of Matthews. From this brief analysis, it appears that existing support facilities should not hinder future development in Matthews.

DEMAND FOR HOUSING

This section will analyze those factors that are important in determining the demand for housing. Among those elements to be discussed are population and household characteristics - that includes age, race, household size, and income; population projections and estimates of assisted and non-assisted housing needs by geographic sector and population segments.

POPULATION AND HOUSEHOLD CHARACTERISTICS

In 1970, Matthews had a population of 783. Census data also reveals that forty-eight (48) per cent of the total population were males and fifty-two (52) per cent were females. These figures do not vary significantly from the national male/female ratios. Matthews' population is also fairly evenly distributed by age, with no one age group being dominant. The 0-13 age category contained the largest number of people, 183, accounting for 23 per cent of the total population. The numerically smallest age group was the 35-44 age category that contains 97 people, or twelve per cent of the total population. The following table contains information relating to the total population, age groups, and male and female ratios.

AGE/POPULATION CHARACTERISTICS 1970 CENSUS

	Age Groups						
	<u>0-13</u>	<u>14-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-64</u>	<u>65+</u>	<u>Total</u>
Male	109	64	52	46	64	44	379
Female	<u>74</u>	<u>73</u>	<u>51</u>	<u>51</u>	<u>91</u>	<u>64</u>	<u>404</u>
TOTAL	183 (23%)	137 (17%)	103 (13%)	97 (12%)	155 (20%)	108 (14%)	783

The non-white population in Matthews is small. Eleven non-white people resided within the city limits in 1970. This represents only one per cent of Matthews' population. Although many changes have occurred since 1970, the non-white population in Matthews has not increased significantly. The preceding figures are

somewhat misleading however. A large number of non-whites reside in the Crestdale area that is immediately adjacent to the town's southeast boundary. Crestdale is presently receiving public services - water and sewer, and may be annexed in the near future.

The relationship between the population of Matthews and its housing stock is indicated in the average household size. In 1970 the average household size for Matthews was 2.85 persons per unit. This figure is slightly lower than the 3.17 persons per unit household size for Mecklenburg County in 1970. As previously mentioned, the incidence of overcrowding in Matthews is minimal. Based on 1970 figures, only 15 units or 5.3 per cent of the total units were considered overcrowded.

The following table contains income information for both Matthews and Mecklenburg County. Mecklenburg County was included to provide a reference point.

INCOME DATA 1970 CENSUS				
<u>Income</u>	<u>Matthews</u>		<u>Mecklenburg</u>	
	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>
\$0-2,999	25	12	7,269	8.1
\$3,000-5,000	33	16	13,566	14.9
\$6,000-9,999	86	41	23,892	26.2
<u>\$10,000 +</u>	<u>65</u>	<u>31</u>	<u>46,299</u>	<u>50.8</u>
TOTAL	209	100.0	91,089	100.0

1970 Census showed that Matthews had 209 families of which 25 or 12 per cent were below the poverty level as defined at that time. This compares with a 9 per cent Mecklenburg figure or 8522 families below the poverty level. The remaining 184 families in Matthews or 88 per cent of the total had incomes above the poverty level. When analyzed by income category, in 1970 more families (86) had incomes in the \$6,000 to \$9,999 range than in any other category. The next largest group was the \$10,000 and above range which contained 65 families

or 31 per cent of the total. Numerically the smallest category, \$0 - \$2,999, contained only 25 families or 12 per cent of the total. These figures compare favorably to those reported for Mecklenburg County. These income statistics indicate that a sizable portion of Matthews' population are able to afford adequate housing. This fact has impact when considering assisted and non-assisted housing needs in the development of policies. Poverty status by age was another category examined in the 1970 Census. The following table shows that while a large portion of the population was above the poverty level, a large number of people (50) aged 65 and over were below the poverty level.

POVERTY STATUS/AGE
1970 CENSUS

<u>Age</u>	<u>Above Poverty Level</u>	<u>Below Poverty Level</u>
0-64	588	66
65 +	92	50
TOTAL	680	116

These statistics bring to the surface a question concerning the housing and community needs of the elderly living in Matthews and whether or not they are being met. This question will be addressed in the goals and policy section.

Education statistics were available for Matthews for the 25 years old and over age group. The following table contains these statistics.

EDUCATION ATTAINMENT
1970 CENSUS

<u>Age</u>	<u>Education</u>				<u>Total</u>
	<u>None</u>	<u>Elementary</u>	<u>High School</u>	<u>College</u>	
25-44	0	38	90	37	165
45-54	0	34	40	--	74
55 +	6	40	112	65	223
	6	112	242	102	462

Approximately twenty-two (22) per cent or 102 people in this age group attended college for at least one year and only six people - 1 per cent have no formal education experience. In the remaining categories, 242 people - fifty-two (52) per cent - obtained some high school education and twenty-five (25) per cent have some elementary school education. The education statistics are important when considering the relationship between employability, income, ability to afford adequate housing, and the filtering process.

Based on the preceding information, the following statements best characterize the 1970 population of Matthews.

A slight majority of females (52 per cent).

A very small percentage of non-whites - only one per cent.

A relatively small number of families below the poverty level - 25 families or 12 per cent.

A large portion of the aged 65 years and older population segment were below the poverty level - almost 33 per cent.

Over 70 per cent of the population had at least some high school education with 22 per cent receiving at least one year of college education.

Median years of school completed 8.0.

Median family income between \$8,000 - \$8,999.

Per capita income of \$3,323 compared to the North Carolina figure of \$2,492.

Families with female head of household account for 12 per cent of the families or 25 of 209 families.

Translated into housing related statements, the preceding characteristics yield the following conclusions:

A lack of minority housing opportunities as indicated by the small non-white population figure.

A potential problem of inadequately housed elderly people.

A lack of housing opportunities for the lower income segments of the population.

These problems will have to be addressed if Matthews is to assure the provision of adequate housing opportunities to all of its residents.

Population Projections - 1970-2000

Year	Population
1970	1,175
1980	1,200
1990	1,250
2000	1,300

Source: Central Intelligence Agency, 1975.

Population and Housing Projections

The following projections were made using the information presented in the preceding sections and trends that have been established locally, regionally, and state and nationwide.

Population projections were made using the NC Department of Administration - Division of State Budget and Management 1976 population estimate of 1,370 as a base. In projecting the future population of Matthews, the following assumptions were made:

Development will occur on existing vacant lands. See map.

Development will follow existing zoning densities.

No annexations are considered for purposes of the housing plan. Other than the Crestdale neighborhood, all nearby subdivisions are new and the residents of higher income.

Using these assumptions, it was determined that by the year 2000, with all the vacant land developed within the present municipal boundary, Matthews population will increase by approximately 525 people - from 1,370 to about 1,900. The following table presents the projected population of Matthews to the year 2000.

Population Projections (within present town limits)
1976-2000

<u>Year</u>	<u>Population</u>
1976	1,370
1980	1,400
1990	1,600
2000	1,900

SOURCE: Centralina Council of Governments, 1978.

These projections are for the existing town limits. If the town should pursue an aggressive annexation posture, these projections would prove to be much too modest. Residential developments such as Country Place, Stratfordshire and Bubbling Well would vastly increase the population count.

The bulk of this population growth would be experienced most in the northwest and northeast quadrants of town where the largest parcels of vacant land are located. (See map.)

Using the population figures from the preceding table, unassisted housing projections were made. (See table.) The major assumption in making the unassisted housing projections was an average household size of 3.09 throughout the 22 year planning period and development of vacant residential land. The household size assumption was made based on the predominance of single family units and back of multi-family units which tend to increase and decrease respectively the average household size.

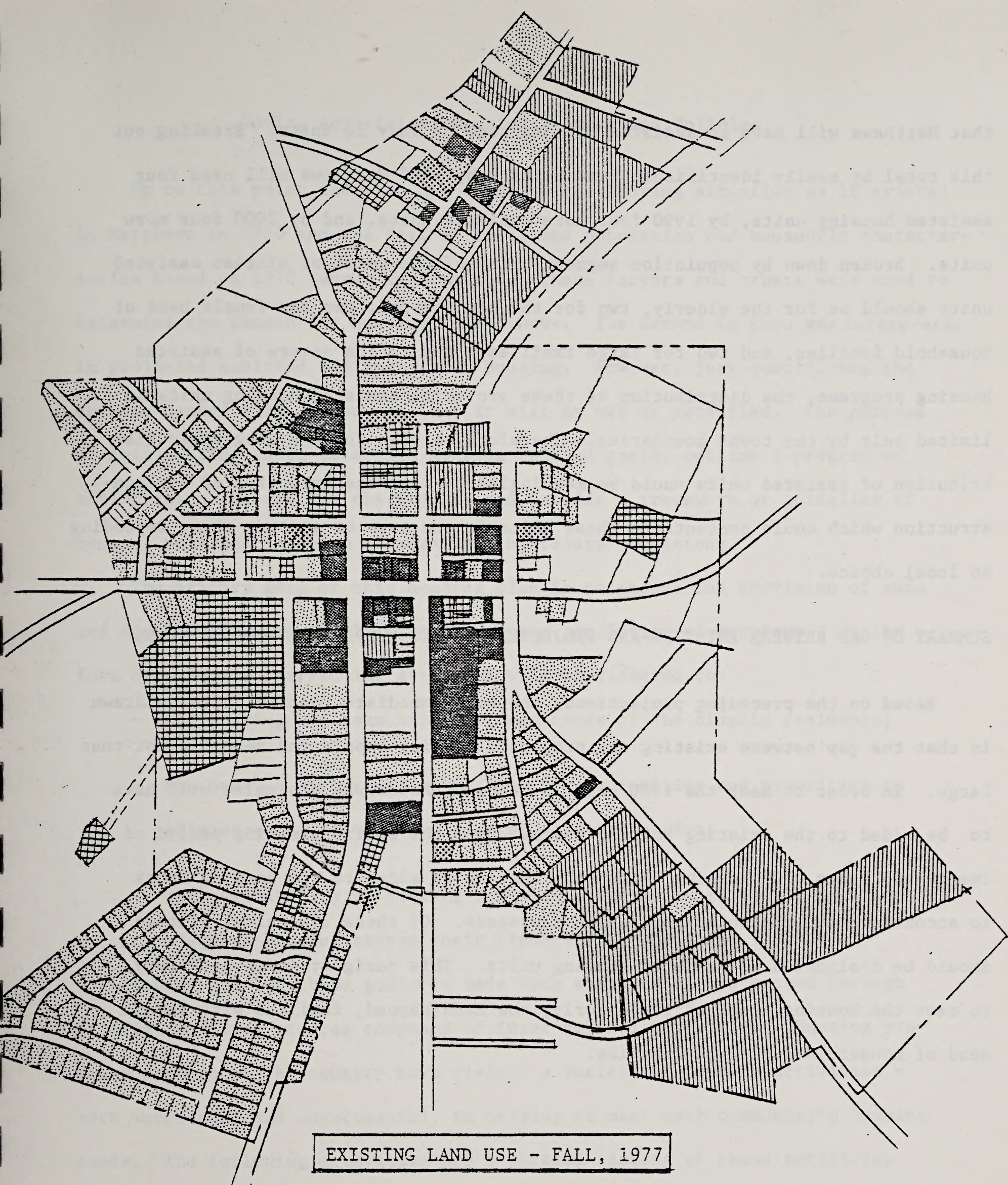
Unassisted Housing Needs
1976-2000

<u>Year</u>	<u>Additional Number of Assisted Units</u>
1980	10
1990	51
2000	109

SOURCE: Centralina Council of Governments, 1978.

For the two year housing program period to 1980, Matthews is projected to increase by an additional ten unassisted housing units. The number of unassisted housing units required to meet the needs of Matthews future population increases each decade for the planning period. As with the distribution of the future population, the future unassisted housing units will be located in areas where vacant residential land presently exists - primarily in the northwest and northeast quadrants of town.

The assisted housing needs of Matthews future population were projected using the previously mentioned assumptions and population characteristics drawn from the 1970 Census. Over the remaining 22 year planning period, it is projected



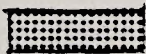
LEGEND

Residential:

Single Family



Multi-Family



Office & Commercial



Manufacturing



Public & Semi-Public



that Matthews will have an assisted housing need of only 16 units. Breaking out this total by easily identifiable time units - by 1980 Matthews will need four assisted housing units, by 1990 four more assisted units, and by 2000 four more units. Broken down by population segment, nine of the total of sixteen assisted units should be for the elderly, two for the handicapped, two for female head of household families, and two for large families. Due to the nature of assisted housing programs, the distribution of these projected assisted housing units is limited only by the towns boundaries. Therefore, a plan for the geographic distribution of assisted units would be meaningless - with the exception of new construction which could concentrate these units in one area or scatter them, depending on local choice.

SUMMARY OF GAP BETWEEN EXISTING AND PROJECTED HOUSING SUPPLY AND HOUSING NEEDS

Based on the preceding projections, the most immediate conclusion to be drawn is that the gap between existing and projected housing supply and needs is not that large. In order to meet the 1980 housing needs of Matthews, ten units will have to be added to the existing housing stock. Over the entire planning period of twenty-two years, 170 housing units will need to be added to the housing stock to accomodate the projected population increases. Of these 170 units, sixteen should be designated as assisted housing units. This designation is necessary to meet the housing needs of the elderly, the handicapped, families with female head of household and large families.

Goals, Activities, Housing Program and Policies

Up to this point the plan has examined the housing situation as it existed in Matthews in 1970 and the Fall of 1977, and population and household characteristics based on 1970 Census information. These factors and others were used to determine the demand for housing in Matthews. The demand in turn was interpreted in projected assisted and unassisted housing. However, just quantifying the housing demand will not ensure that it will be met or satisfied. The purpose of this section is to establish housing related goals, outline a program of activities to accomplish these goals and provide a framework or guideline of housing policies in which to make housing-related decisions.

The primary goal of this housing plan is to ensure the provision of safe and adequate housing to all segments of the population of Matthews. In the form of subgoals, particular attention will be directed to:

- the housing and community services needs of the elderly residents;
- the housing opportunities for low income families and minorities to eliminate and prevent any possible discrimination;
- the availability of housing for middle income families who may find adequate housing beyond their financial capabilities.

Achievement of these goals is made much easier when approached through a defined housing program composed of inter-related activities. Housing programs throughout the country have yielded a variety of housing activities - both successful and unsuccessful, in helping to meet each community's housing needs. The following activities are a partial listing of those activities proven to be successful. Some of these activities may not be applicable in Matthews. They are proposed as suggestions to be used as a catalyst in discussion and decisionmaking in an effort to develop a program of activities that

is particularly suitable for Matthews' housing situation. With this in mind, the following activities which have been successfully used by other local governments are:

Adoption of housing codes establishing minimum housing standards and enforcement of the codes once adopted.

Encouraging the conservation and rehabilitation of houses and neighborhoods alike by using every available course of action (code enforcement, zoning, historical preservation, public and private incentives, etc).

Develop a better understanding of the benefits, costs and requirements for participating in the various Federal programs.

Enforcement of all applicable State Building Codes to insure that new construction meets established standards.

Adoption and/or revision of land use controls so that they expedite rather than impede housing production and rehabilitation.

Examination of the present permit and approval process to remove unnecessary barriers and red tape.

Capital improvements strategies involving water and sewer extensions into new or existing areas and analysis of the impact of these strategies on housing production and rehabilitation.

Review of existing tax structure and determination of its effect on housing.

Development of incentives to encourage developer production of low and moderate income housing.

Providing a leadership role in exploring new ways to decrease housing costs to the middle income consumer.

Establishing an ongoing relationship with the private sector to facilitate joint exploration and approaches to meet housing needs.

Housing Program

The following program of activities, although encompassing a two year period, actually has no termination date. Many of the proposed activities, once established, will be ongoing requiring only periodic review and revision to be sure that they are being used correctly and that they are producing the desired results. The Matthews Planning and Zoning Board during the preparation of this plan developed the following recommended activities. In addition to the Planning and Zoning Board's recommendations, the ideas and desires of the residents of Matthews, as expressed at public meetings, are also incorporated in these recommendations. These activities have not been assigned priorities. Priorities will be decided at a later date by the Town's Commissioners with the help of its citizens.

Matthews should initiate an annexation study to determine the costs and benefits of annexing areas adjacent to its municipal boundaries. Presently Matthews is being surrounded by existing residential developments, vacant land prime for development, and industry. At the same time, Matthews' proximity to Charlotte, with that City's relatively aggressive annexation program, could pose problems in the future (i.e. a restricted tax base). Through an annexation study and corresponding programs, Matthews could develop an annexation strategy designed to efficiently and economically accommodate areas desiring annexations as well as those areas determined by Matthews to be desirable additions. As previously

mentioned, the Crestdale area should be prominent in any annexation plans or programs Matthews undertakes. A well thought out annexation strategy could also help preserve the physical and fiscal integrity of the Town in an era of dynamic municipal events.

In conjunction with the annexation study, Matthews should seek the reestablishment of its extraterritorial authority insofar as possible in the manner that this was done for three other municipalities in Mecklenburg County during the 1977 Session of the General Assembly. Although reestablishment of this authority is restricted to zoning authority, through zoning Matthews would have more control over the lands surrounding it and thereby be able to have more voice in shaping its destiny rather than having it shaped for them.

To compliment the previous activities, Matthews should also examine its present zoning ordinance and revise it where necessary. In as much as problems have been recognized with the present zoning ordinance and a new land use plan is forthcoming, now is an opportune time to update the zoning ordinance to make it more responsive to Matthews' existing and future needs. Homes need to be protected from industry; industry needs to be protected from the intrusion of homes.

Matthews should also embark on a Capital Improvements Program and corresponding Capital Improvements Budget. These management tools are invaluable aids in determining the capital needs of the Town and providing a financial outline or course for meeting these needs. Capital improvement programming allows a community to anticipate its future needs and accommodates them into its financial picture thereby decreasing the likelihood of any major surprise expenditures. Capital improvement programming would prove to be particularly advantageous in the light of potential annexations - both residential and industrial, and in

terms of proposed improvements to the public utility systems.

Although Matthews has a good housing situation, the Town should develop and adopt a minimum housing code to ensure the conservation of its existing housing stock and prevent any further deterioration. The minimum housing code should be developed along the lines of existing County and State codes to ensure compatibility yet still retain qualities unique to Matthews.

In conjunction with a minimum housing code, measures should be taken to provide enforcement of these codes. Whether through the Matthews' Building Inspector's office or by arrangement with other governments, enforcement of the code is important if a safe and adequate housing stock is to be maintained.

To accompany the minimum housing code, Matthews should also initiate work on a grounds ordinance. This ordinance would not only address the aesthetic needs of the community but would also serve as a safety measure. During the course of public meetings of the Planning and Zoning Board and joint meetings between the Town Commissioners and Board, several citizens have expressed concern about traffic intersections that have become dangerous due to vegetative covering and natural landforms. Studies should be undertaken to determine hazardous intersections and to develop ordinances that would eliminate any problems due to natural and vegetative visual barriers on both public and private lands.

Matthews should start exploring a little more fully the variety of State and Federal assistance programs that are available. More explorations is not enough though. The results of this work need to be communicated to the residents of Matthews. Public meetings have brought to the surface a basic misunderstanding of assistance programs. The most popular sentiments being "too much red tape" and "loss of self determination". Matthews should not turn its back on assistance programs based on scattered and unfortunate incidents related to some Fed-

eral and State programs. By examining the variety of programs that are available and selecting and outlining long and short term assistance needs, Matthews should be able to participate in assistance programs in a way that will result in minimized red tape, an increase in its decisionmaking authority and a reduced impact on its financial status thereby avoiding undue and unplanned monetary burdens.

Finally and certainly not least important, Matthews should enter into discussions with private sector developers to ensure the provision of housing opportunities to all existing and future residents of the Town. Working together with developers to establish a public/private investment strategy would be the primary goal of these discussions. Learning the constraints of both the public and private sectors, determining mutual problem areas as well as service gaps and then responding in a unified manner to the identified elements would prove very beneficial in meeting the housing needs of Matthews within acceptable cost ranges while meeting all health, safety and construction standards.

In an effort to achieve the goals described in this plan and to help in meeting the housing needs of Matthews, the following annual objections are formulated:

Fiscal Year 1978-1979 (Program year one)

Goal: To provide more detailed information and guidance in establishing a foundation for Matthews' housing program.

Objectives: 1) Pursue the reestablishment of extraterritorial authority insofar as possible in the manner that was done in the last General Assembly for Cornelius, Davidson and Huntersville.

2) Revise those sections of present zoning ordinance where problems are recognized.

- 3) Prepare a capital improvements program reflecting the opportunities and restrictions of public investment strategies.
- 4) Seek technical assistance in situations impacting on Matthews (e.g. rezoning requests, utility extension, transportation related).
- 5) Undertake the preparation of an annexation study.
- 6) Initiate discussions with private developers concerning the development of land within the Town and adjacent to it.

Fiscal Year 1979-1980 (Program year two)

Goal:

To assemble the information and resources necessary to provide safe and adequate housing to all of the residents of Matthews.

Objectives:

- 1) Continuation of technical assistance where needed.
- 2) Obtain more specific information on Federal and State programs providing assistance in the areas of housing and public facilities.
- 3) Analyze the results of the studies completed in the prior year and establish a more definite course of action for meeting the housing needs of Matthews using public and private resources.
- 4) Continue discussions with private sector developers in providing housing that meets the needs of Matthews' residents within acceptable cost ranges.
- 5) Examine permit and approval system and minimize unnecessary barriers where they exist.
- 6) Preparation of a minimum housing code.

- 7) Initiate participation in Federal and State assistance programs.

Fiscal Year 1980-1981

Goal: Continue previous years' housing efforts.

- Objectives:
- 1) Review and update housing related controls and studies where necessary.
 - 2) Continue the unfinished activities from previous years.

Housing Policies

To support the housing program, the following policies are proposed for adoption by the Matthews Board of Commissioners to provide them with guidance in future decisions relating to housing:

Race or creed will not be a factor in the provision of public services and facilities by the Town, nor will the Town contribute in any manner to housing activities which will discriminate against minority households.

The Town will encourage to the extent of its authority the availability of a wide range of housing opportunities for the existing and future residents of Matthews.

The Town will study the needs and possible annexation of the Crestdale area setting forth a program to work with this neighborhood and the County towards its rehabilitation.

The Town will cooperate to the fullest extent possible with private sector interests in meeting the housing needs of its residents.

The Town will consider the preservation of its existing housing stock and neighborhoods as of primary importance in its decisions concerning housing

and neighborhoods.

The Town will coordinate its housing activities with those in other levels of government so as to maximize the benefits and resources to be derived from each.

Implementation, Coordination and Evaluation

The purpose of this section is to propose a system of activities that will ensure that this plan is implemented and that it remains consistent with other plans, programs and policies through coordination - both internally and with other local governments. Evaluation activities will be proposed to update the plan and measure progress toward the achievement of established goals. The activities in each of these categories are oriented toward one objective - the success of the housing plan.

The proposed implementing activities can be found in the housing program section of this plan. These activities were selected because they would provide the best foundation for future housing related activities and produce the best results in achieving the housing goals found in this plan. The activities are presented in a year by year framework spanning the three year program period. Those activities to be accomplished during the program period include:

Program Year One -

- (1) Reestablishment of extraterritorial authority as soon as possible;
- (2) Revision of the existing zoning ordinance where necessary;
- (3) Preparation of a capital improvements program;
- (4) Seeking technical assistance in needed areas;
- (5) Preparation of an annexation study;
- (6) Initiate discussions with private developers concerning the provision of housing.

Program Year Two -

- (1) Obtain more information on Federal and State assistance programs;
- (2) Initiate participation in selected State and Federal programs;
- (3) Based on the results of year one studies establish a definite course of action in regards to annexation and extension of public services;
- (4) Examine the existing permit and approval process and eliminate unnecessary barriers.

(5) Preparation of Minimum Housing Code.

Program Year Three -

(1) Evaluate and continue housing related activities.

The following coordinating activities are proposed as a means of maintaining consistency between this plan and others and of minimizing duplicating efforts.

1. Through the A-95 review as outlined in Federal Circular OMB-A-95, Matthews has the opportunity to comment on the consistency with their plans of plans, programs and policies which originate beyond its jurisdiction. By the same token, other local governments have the opportunity to comment on the consistency of Matthews' plans as they impact beyond Matthews' corporate limits. Participation in the A-95 process is a requirement of almost every State and Federal program. Therefore, Matthews is already participating in an ongoing coordinating activity.
2. Housing review activities should be centralized to eliminate any information gaps that may exist due to a variety of housing related activities being performed by several different town departments. For this purpose, the Planning and Zoning Board, with its exposure to housing oriented activities, should serve as the major coordinating force of housing activity in Matthews. A reporting schedule will be developed to inform elected officials and residents of progress toward established goals and housing trends. The development of this proposal will coincide with the results of the proposed examination of the permit and approval process.
3. Matthews should designate members of its elected and appointed boards and commissions to serve as liaison to similar or related boards and commissions at other levels of government - primarily Mecklenburg County and North Carolina State government agencies, commission and boards. Through liaison

activities Matthews would be able to monitor the actions of the other levels of government and have an input in the formulation of plans, programs and policies. Having a greater voice in the decision-making process at other levels of government would help in coordinating the activities of all agencies' concerned. As an example, in February of 1978, Matthews appointed a citizens advisory group to coordinate the towns historic preservation activities with those of the Charlotte/Mecklenburg Historic Properties Commission. The Charlotte/Mecklenburg Historic Properties Commission is Matthews officially designated Historic Properties Commission.

4. Perhaps one of the most important coordinative activities is the utilization of a common data base. The information used in both the housing and land use plan was obtained from the regional data base. The regional data base, through regionwide adoption, is the recognized data base in the eight counties of Region F. Therefore, the data base used for the housing plan is consistent with that information used in the formulation of other regional studies.
5. The following coordination activity is also an evaluation activity. The existing permit system and inspection activities should be examined for efficiency in an effort to remove barriers and delays thus streamlining the process. To coordinate the permit and approval system with other of the town's departments, a method of reporting housing related activities should be developed in order to communicate such activities to the town's decision-makers.
6. The final coordinative activity is involving the public in the decision-making process. Matthews' already has an excellent record in this area, and unlike other towns the residents take advantage of the opportunity to have a voice decisions that ultimately effect them. By continuing to coordinate the town's activities with its residents through extensive advertising and public notices, Matthews will be fulfilling one of the

most important coordinative activities - citizen participation.

Evaluation of the housing activities proposed in this plan will fall into two categories - "success story" and numerical monitoring. As an example, completion of the proposed studies and the results of the liaison assignments would fall under the "success story" category where the actual completion or carrying out of the activity is considered progress toward achievement of that particular objective. The numerical monitoring process would be more precise and involve periodic reporting from the departments that handle the town's permits. The results of these reports would be examined in relation to the numerical projections presented in this plan. Through this process, Matthews can more accurately gauge progress in meeting established housing goals. The "success story" and numerical monitoring evaluative processes were selected because they would most efficiently measure the proposed activities. By restricting the evaluating process to two primary activities, Matthews is keeping its evaluating responsibilities within a manageable range thereby avoiding the dilution of its resources.

Environmental Assessment

The Matthews Housing Plan is designed as an aid to Matthews' decision-makers for ensuring the provisions of safe and adequate housing to all of the residents of Matthews. The plan is structured along the proposed outline found in the North Carolina Local Government Planning Manual, 1977. The plan's basic or core elements include an analysis of housing supply and demand for housing, an examination of environmental and neighborhood quality, projection of assisted and unassisted housing units necessary to meet Matthews' housing demand, housing goals and policies, a housing program spanning three years, implementation, and evaluation and coordination activities.

The study concluded that Matthews does not have a housing problem as large as other towns its size. The predominant housing type is the single family unit with a median value of approximately \$15,000. A large proportion of the housing stock is in standard condition, 94 per cent and owner occupied. Minority owner and renter occupied housing units each account for less than one per cent of the total housing stock. The few problems determined were a lack of duplex/multi-family units and a relatively restricted housing market as indicated by a low vacancy rate. The previous statements are the result of analysis of 1970 Census data. A Fall of 1977 housing inventory revealed that since 1970 Matthews' housing stock increased by 94 per cent to its present total of 468 housing units. Over the seven year period no significant shifts occurred in the characteristics of the housing stock.

The environmental/neighborhood quality section concluded that Matthews does not have any critical problems in relation to its streets, water and sewer system, recreational opportunities, and general appearance. Most of the minor problems are presently being addressed.

Analysis of 1970 Census data concerning the population yielded the following summary statements. Matthews population contains a small number of non-whites, a slight majority of females, a relatively low number of families below the poverty level (12%), a large percentage of the population with at least some high school education, a median family income between \$8,000 - \$8,999, and a small percentage of female head of household families.

Population and housing projections indicate that over the twenty-two year planning period, Matthews' population will increase by roughly 525 persons and the housing stock will expand by approximately 170 housing units. The year 2000 should show Matthews with a population of about 1900 people and a housing stock of 638 units. When broken out, the housing projection would represent an increase of 154 unassisted housing units and 16 assisted units. These projections were made assuming a static municipal boundary and development occurring only on vacant land.

The overall goal of the plan is to ensure the provision of safe and adequate housing to all of the residents of Matthews with particular attention to the needs of the elderly, the non-white and the low income population segments. The program proposed to accomplish these goals includes an annexation study, preparation of a capital improvements program, revision of the zoning ordinance where necessary, pursuance of technical assistance and State and Federal assistance programs, and discussions with private developers to provide suitable housing within acceptable cost ranges. These are some of the activities proposed in the three year housing program.

The evaluating and coordinating mechanisms basically involve an expansion of existing administrative functions streamlined where necessary.

The environmental impacts would be of two general types - beneficial impacts and adverse impacts. The beneficial impacts would include safer and more decent

housing, removal of unsanitary conditions, rehabilitation of aging homes, revitalization of decaying areas and increased provision of public facilities.

The adverse effects would depend on the specific activity being undertaken. A sampling of those activities that could produce adverse effects include new construction, installation of water and sewer lines, rehabilitation and demolition. However, none of these activities is specifically. The foundation necessary to make intelligent decisions concerning these activities are proposed and the actual work on recommended activities would follow the completion of these studies. The previously mentioned activities would involve only short term impacts on the physical environment. The controls required to minimize the impact of these activities would be enforced where and when necessary.

As in most situations two options or alternatives exist for the participants - to guide or be guided. Therefore the alternatives to this housing plan is to allow the prevailing situation to continue unchecked. This is not to imply that housing related activities are running rampant in Matthews. On the contrary, the intent is that Matthews has the opportunity to control growth within the Town to the benefit of everyone.

The relationship between the short term activities and long term productivity exists in that by making intelligent decisions based on the proposed studies Matthews will be able to ensure the provision of adequate and safe housing throughout the remainder of the twenty-two year planning period with a minimal impact on the environment, the residents, and the Town's resources. Any activities undertaken will include provisions which will guard against damage to the physical environment.

The preparation of the Housing Plan and environmental assessment is in compliance with Federal, State and local environmental controls including:

N.E.P.A. 1969 (PL 91-190)

Noise Control (HUD 1390.2)

Flood Protection Act 1973

Water Pollution Control Act

Clean Air Act 1967-1970.

This assessment is appended to the plan and will accompany the plan throughout all deliberations. This plan is available to the public and copies can be secured from the Town of Matthews.

Historical Assessment

The Matthews Housing Plan is designed as an aid to Matthews' decision-makers for ensuring the provisions of safe and adequate housing to all of the residents of Matthews. The plan is structured along the proposed outline found in the North Carolina Local Government Planning Manual, 1977. The plan's basic or core elements include an analysis of housing supply and demand for housing, an examination of environmental and neighborhood quality, projection of assisted and unassisted housing units necessary to meet Matthews' housing demand, housing goals and policies, a housing program spanning three years, implementation, and evaluation and coordination activities.

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The evaluating and coordinating mechanisms basically involve an expansion of existing administrative functions streamlined where necessary.

The Housing Plan prepared for Matthews was designed to have a minimal impact on all historical properties whether they be of national, state or local signi-

ficance. Respect for the cultural, social and architectural heritage of the town is a primary concern to the residents of Matthews. Recent public hearings concerning the proposed demolition of a livery stable located in Matthews resulted in widespread support of some form of historic preservation. Unfortunately, the livery stable was torn down to make way for a new structure housing financial activities. However, this incident initiated action on the part of the town to appoint a committee made up of elected officials and concerned citizens to examine the historic aspects of Matthews. At an earlier date Matthews officially designated the Charlotte/Mecklenburg Historic Properties Commission to act in a like capacity for the town.

At the present time, no structures or sites located in Matthews have been Placed on the National Register of Historic Places. There are however several sites and structures of local significance that are presently being studied by the Charlotte/Mecklenburg Historic Properties Commission to determine if they are of State or National significance. Recognition of these potential sites, among which are the Branch Bank and Trust Company Building and a grist mill located directly behind the bank, has been made in the programs and policies proposed in this plan. More specifically the plan calls for the preservation and conservation of existing structures and neighborhoods. Proposed activities, primarily the revision of the zoning ordinance, will address the need for preserving the heritage of Matthews.

The impacts on historical sites would be of two general types -- beneficial impacts and adverse impacts. The beneficial impacts would include safer and more decent housing, removal of unsanitary conditions, rehabilitation of aging homes, revitalization of decaying areas and increased provision of public facilities.

The adverse effects would depend on the specific activity being undertaken. A sampling of those activities that could produce adverse effects include new

construction, installation of water and sewer lines, rehabilitation and demolition. However, none of these activities is specifically. The foundation necessary to make intelligent decisions concerning these activities are proposed and the actual work on recommended activities would follow the completion of these studies. The previously mentioned activities would involve only short term impacts on the physical environment. The controls required to minimize the impact of these activities would be enforced where and when necessary.

As in most situations two options or alternatives exist for the participants - to guide or be guided. Therefore the alternatives to this housing plan is to allow the prevailing situation to continue unchecked. This is not to imply that housing related activities are running rampant in Matthews. On the contrary, the intent is that Matthews has the opportunity to control growth within the Town to the benefit of everyone.

The relationship between the short term activities and long term productivity exists in that by making intelligent decisions based on the proposed studies Matthews will be able to ensure the provision of adequate and safe housing throughout the remainder of the twenty-two year planning period with a minimal impact on the environment, the residents, and the Town's resources. Any activities undertaken will include provisions which will guard against damage to the physical environment.

The Housing Plan developed for Matthews is in compliance with Federal, State and local historical properties conservation controls including:

National Historic Preservation Act 1966

Historic and Archeological Act 1974

This assessment is appended to the plan and will accompany the plan throughout all deliberations. This plan is available to the public and copies can be secured from the Town of Matthews.

APPENDIX I *

Federal and State (North Carolina) Housing Assistance Programs

This section will review current federal and state (North Carolina) housing assistance programs. It will cover the main program offerings of the Department of Housing and Urban Development (HUD), the Farmers Home Administration (FmHA), and the North Carolina Housing Finance Agency.

HUD Housing Program Overview

Over the years since the Public Housing Program was authorized in 1949, the housing subsidy programs administered by the U.S. Department of Housing and Urban Development (HUD) and its predecessor agencies expanded greatly. By the early 1970's, the arsenal of available subsidy programs was a litany of numerals keyed to various sections of federal housing legislation: Section 202, housing for the elderly; Section 221(d)(3), below-market interest rate loans; Section 23, leased housing; Section 235, moderate-income home ownership program, to mention a few.

Hard on the heels of scandals that engulfed the Section 235 home ownership program, however, the Nixon Administration suspended HUD's major housing subsidy programs in January 1973. Shortly thereafter, the Section 8 housing assistance payments program was inaugurated. It was to be HUD's principal housing assistance vehicle. Authorized by the Housing and Community Development Act of 1974, the Section 8 program is designed to assist all renter households with incomes at least 80 percent

* Source: Regional Housing Plan, Centralina Council of Governments, 1977.

of the median in their area. The assisted households then pay 15 to 20 percent of their gross income for rent and under a contract with the landlord, the government pays the difference between the household's payment and the rent level approved by HUD. Described in greater detail later, the program is complex to administer, had a shaky beginning, and has been beset by a variety of problems. Nonetheless, it remains the principal HUD program to assist households with insufficient incomes to meet their housing needs in the private market.

Although the Ford Administration continued the Section 8 program as the major HUD housing assistance vehicle, it was forced to reactivate the conventional public housing program by Congressional directive and reinstitute the Section 235 interest-subsidy home ownership program as a result of court action. The Carter Administration assumed this legacy when it took office early this year. In the scant few months since Inauguration Day, no new major housing thrust has emerged; rather, it has been a period of renewed housing commitment and appraisal of existing programs. The first immediate evidence of the Carter Administration inclinations came in the revised budget proposals submitted to Congress.

The federal budget preparation cycle is a lengthy one and President Ford submitted the results of the most recent one in a proposed fiscal 1978 budget shortly before relinquishing office. The Ford budget continued to place major emphasis on the Section 8 program, and the lion's share of proposed HUD budget increases was for expanded Section 8 activity. With only limited time to make adjustments, the Carter Administration nonetheless signaled its intentions in revised budget proposals. Among the most significant features affecting housing were the following:

1. It included a supplemental request in Section 8 contract authority for the current fiscal year to add another 164,000 units and bring the total for the year up to 400,000 unit reservations.

2. In contrast to no new public housing units in fiscal 1978 under the Ford budget, the Carter budget proposed the addition of 50,000 by transferring this number from the Section 8 unit authorization level.
3. It recommended restoration of cuts made in the Ford Administration budget for public housing operating subsidies and modernization funds. In addition, funds were requested to meet rising fuel consumption costs to public housing authorities.

In conjunction with court-mandated Section 235 activity, these budget requests represent to many a Carter Administration commitment to a multifaceted housing assistance program rather than near-total reliance on Section 8. It seems to represent an acknowledgement that most of those assisted under Section 8 were either elderly or in small households and that a residual of large families could be assisted only through conventional public housing.

Although the Section 8 program has been beset with problems and criticism from the very outset, the Carter Administration has made no move to supplant it; rather, HUD Secretary Harris has made a commitment to try to make it work. Several changes in the statute and regulations have been proposed to make the program function more smoothly and Secretary Harris has announced her commitment to convert unit reservations into occupied units in keeping with authorized levels of activity. Moreover, the Secretary launched a major internal departmental review of the program to evaluate its effectiveness in the field.

For the time being, then, Section 8 remains the major HUD housing assistance program, complemented by a modest expansion in the conventional public housing program and continuing Section 235 activity. Each of these programs, their problems and prospects are highlighted in the paragraphs which follow.

Section 8 Housing Assistance Program. Under this program, HUD will provide housing assistance payments to the owners of new, substantially rehabilitated or existing dwelling units to subsidize the difference between the fair market rent of the unit and 15 to 25 percent of the adjusted income of eligible tenants. Rents may not exceed a HUD-established fair market rent for the local area; this ceiling varies for units of different types and sizes.

Assistance payments are made on behalf of "lower-income" families with an income not exceeding 80 percent of the median household income for a given area; adjustments upward and downward are based on household size and extenuating circumstances such as prevailing incomes and/or housing costs. The Section 8 program encourages economic integration by providing that a minimum of 30 percent of the subsidized units in a project be reserved for "very low-income" households, those with less than 50 percent of the median income for the area.

HUD executes a direct contract with an eligible owner/sponsor for the provision of housing assistance payments. Eligible sponsors include private owners, cooperatives and public housing agencies. Housing assistance contracts may extend for a maximum period of 20 years on privately owned projects and up to 40 years in the case of projects which are directly owned or financed by a state or local housing agency.

Although included under the same umbrella, the new construction, substantial rehabilitation and existing housing components of the program are substantially different and reflect program goals of a diverse nature. The income levels for eligibility are the same under each program component but there are different fair market rent levels and program regulations. All are directed at assisting low-income households but each program element carries with it a subsidiary goal.

The new construction program, for example, is also regarded as a way of stimulating the construction industry during periods of slackened multi-family construction. The rehabilitation dimension of the program is aimed at recycling the current housing stock while the existing housing component of the program promotes freedom of choice among low-income households in selecting a unit to occupy.

The Section 8 program has been very slow in getting off the ground. During a lengthy period following its adoption, HUD prepared and issued income limits, fair market rents, regulations and handbooks. The allocation of funds among the regional offices and field offices followed along with the complex procedures for distributing funds among localities and program types. After the first reservations were made for units to be assisted, activity consistently fell below targeted levels until the so-called "transitional quarter" which ended in September of 1976. Nonetheless, through September of 1976, reservations for nearly 500,000 units had been made. Reservations for assistance, however, were far different from the number of units occupied.

Through September of 1976, only 7,000 new or rehabilitated units were completed; virtually all of these were conversions to Section 8 from starts previously made under other suspended HUD programs. Such lags are not unexpected for new construction programs but there were similar difficulties in achieving occupancy for existing units. Of the 369,000 such units for which funds were reserved, only 85,000 reached the occupancy stage by the end of last September. The criticisms and problems of the program behind these statistics are frequently as detailed as the complex program regulations but the major complaints and steps taken to remedy them can be briefly summarized.

When the fair market rent levels within local areas were first established, they were sharply criticized for being unreasonably low. Over

time, HUD adjusted them upward on a case-by-case basis and has since permitted local public housing authorities to exceed the fair market rent level in 20 percent of their units.

Experience in other subsidy programs for low-income households indicates the frequent need for different types and more intensive management services such as extra janitorial service, budget counseling and other aspects related to the special characteristics of low-income households. Particularly under the existing housing portion of the Section 8 program -- in which only some of the tenants in a project may be Section 8-assisted -- landlords are sometimes ill-prepared to provide the management services required. HUD's original regulations precluded the landlord from contracting with the local housing authority to provide management services as they had previously done under the Section 23 leasing program. Recent modifications to the regulations will now permit this.

Apart from the complex allocation procedures, the program has been criticized for the complexity in determining fair market rents for a local area and the certification of reasonable rent for specific units. Moreover, the paper work in certifying eligible households is cumbersome; by one count, a household applying for assistance must fill out 23 different forms.

The items cited above constitute pitfalls in implementation of the program but long-term financing problems have been the principal impediment to full utilization of the new construction dimension of the program. Unlike most of the previous HUD housing assistance programs, which achieved their subsidy effect through below market interest rates on long-term mortgages, the Section 8 program does not include a long-term financing vehicle and simply involves a contract to provide monthly rental assistance payments. Long-term financing for new construction and

substantial rehabilitation, then, must be secured from other sources. For private sponsors seeking conventional financing, several aspects of the program create impediments; permissible rent levels, the duration of the subsidy and payment for vacant units. Each is briefly recapitulated below.

In establishing "reasonable" rents for newly constructed units, HUD relies on comparable rents in like projects rather than rents based on construction costs and pro forma analysis of the rents required to amortize the project. Thus, permissible rents may have little bearing on the actual costs of cash flow required to support the project. Moreover, rent levels are established at the time of negotiation with HUD; between that time and eventual occupancy, inflationary trends in the economy as a whole and unforeseen construction cost increases may render the previously established rent levels untenable at the time of completion. HUD has since proposed a modification for "unforeseeable factors ... beyond the developer's control." This rule change will alleviate the problem to some extent.

For privately developed projects, the Section 8 contract is limited to a 20-year period. Since this is below the normal 30-year amortization period for a long-term mortgage, the uncertainty over HUD's continuing Section 8 payments during the last ten years of the mortgage term has made conventional financing institutions reluctant to underwrite such projects. The 20-year contract limitation is a statutory provision and HUD has recently proposed legislation to extend this period to 30 years, a measure that would favorably affect the willingness of lending institutions to provide conventional financing.

Yet another factor influencing project feasibility and the willingness of conventional lenders to finance new Section 8 projects hinges on HUD payments for vacant units. Under the original regulations, HUD would pay 80 percent of the rent on vacant units only for the first 60 days. Based on experience under the Section 236 program, in which

vacancies frequently required a long period of time to fill, developers and lenders alike were hesitant to support projects with this 60-day limitation on vacancy payments. To allay these fears, HUD recently changed the regulations for privately financed projects to extend this vacancy coverage up to one year.

The reluctance of private developers and financing institutions to mount Section 8 projects for the reasons noted above is clearly evident in program statistics. Through September 1976, somewhat over half of the new construction reservations were for private developers; of the actual starts, however, it is estimated that only one-fourth had private developer sponsorship. Because of private developer reluctance in obtaining long-term financing, state housing finance agencies have emerged as a particularly strong partner in the implementation of the Section 8 program.

Role of State Housing Finance Agencies. The state housing finance agencies assumed importance in the construction of new and substantially rehabilitated units for several reasons. Among them was their ability to provide long-term financing at favorable interest rates and preferential treatment from HUD in terms of accelerated processing and reservation set-asides.

With their capacity to raise capital on the tax-exempt bond market, state housing finance agencies were in an excellent position to provide long-term financing for Section 8 projects. By "piggybacking" their long-term financing capacity on top of a monthly rental assistance program, state housing finance agencies combine state and federal resources in a complementary manner.

In contrast to the 20-year limitation on housing assistance contracts for private developers, state-backed projects may secure contracts for up to 40 years. This contract term is more in keeping with amortization

schedules and thus diminishes the uncertainty of long-term financing commitments. Moreover, the favorable interest rates at which states borrow their funds translate into monthly rents more in keeping with the fair market rent levels established by HUD. This combination of factors, then, have made the state housing finance agencies important long-term financing sources for Section 8 projects.

Based on their successful role under the old Section 236 program, their growing number and increasing activity, the state housing finance agencies were singled out for special attention in implementing the Section 8 program. State-financed projects are entitled to accelerated processing within HUD. Under this so-called "fast-track" system, they make their own certifications of reasonable rents and have other processing advantages.

At the outset, HUD established specific set-aside allocations for the state housing finance agencies. Following the financing debacle of the New York State Urban Development Corporation and the threatened bankruptcy of New York City, however, the tax-exempt bond market took a nose dive and states found it increasingly difficult to market their bonds over the 1975-76 period. Because of their difficulties in raising capital and financing new Section 8 projects, HUD suspended the state agency set-asides but has since reinstated them.

Though well-suited as a partner in the delivery of Section 8 housing, state housing finance participation has not been without its difficulties. Nonetheless, state agencies accounted for an estimated three-fourths of actual construction starts under the new construction portion of the Section 8 program through September of 1976. Currently, the tax-exempt bond market has recovered and state agencies can continue to fulfill an important role in the Section 8 program.

The Public Housing Program. As the longest-standing housing subsidy program, the public housing program is also the largest serving low-income households. There are now more than 1,000,000 occupied units throughout the U.S., primarily in central cities. Long considered the housing assistance program of last resort for the most needy, over half of the public housing tenants receive welfare assistance of one sort or another and nearly half are elderly. Less than a fourth of all public housing tenant households are nonelderly, nonwelfare households.

In basic design, the public housing program provides annual federal assistance payments to cover debt service costs on federally guaranteed, 40-year tax exempt bonds issued by local housing authorities to finance the construction of rental housing for low-income persons. Otherwise intended as a self-sustaining program at the local level, public housing authorities have been caught in a tightening financial vice within recent years.

On the one hand, Congressional mandates limit rent payments to 25 percent of tenant household income. Operating costs, on the other hand, have escalated rapidly with the inflationary trends in the economy, sharp increases in fuel and utility costs. During this past winter particularly, severe cold weather exacerbated the problem. In the face of local operating shortfalls stemming from the inability to raise rents in keeping with increased operating costs, HUD reluctantly inaugurated a program of operating subsidies to alleviate the problem. During the current fiscal year, subsidies will amount to almost \$600 million. At the same time, HUD inaugurated a series of training and certification programs to foster efficient management of local programs.

Although public housing has been haunted by the image of projects built, the adverse connotations of the very poor living in readily identifiable projects as well as citizen opposition to the construction of new

projects in many areas, the public housing program was nonetheless given a boost by the revised Carter budget sent to Congress. As noted at the outset of this section, the Carter Administration restored proposed cuts in public housing operating subsidies and modernization funds. Moreover, it proposed reservations for 50,000 new units during fiscal 1978 rather than the Ford Administration recommendation that no more units be built.

The proposal to produce 50,000 additional units is modest in comparison to previous levels of activity, but it is nonetheless clear that the public housing program will continue as one facet in the broader housing assistance program. HUD will undoubtedly continue to stress efficient management of projects, the training and certification of managers to keep operating subsidy costs under control.

The Section 235 Program. Inaugurated under the Housing and Urban Development Act of 1968, the Section 235 home ownership program has been a subject of controversy and scandal. Designed to provide a deep mortgage subsidy, the program offered qualified low-income families the opportunity to buy a new or rehabilitated home for as little as \$200 down. Depending on the income of the buyer and the amount of the mortgage, the subsidy could result in an effective interest rate as low as one percent.

In the early 1970's, the foreclosure rate mounted dramatically and scandals broke into newspaper headlines over developers making excessive profits and cosmetic rehabilitation that obscured major structural defects. Questions emerged over the ability of low-income households to assume home ownership responsibilities without thorough counseling and their lack of commitment because of their low equity stake in the unit. The Section 235 program, then, became one of the principal victims of the 1973 moratorium on HUD subsidy programs.

In response to a pending suit that would have compelled expenditure of impounded Section 235 appropriations and the depressed state of the housing construction industry at the time, HUD reactivated the Section 235 program in early 1976 in a substantially revamped format. The extent of the subsidy was reduced, the downpayment requirement was increased and the effective income qualification level was raised. No longer does the program provide such deep subsidies to low-income households with a minimal downpayment.

The effective mortgage interest rate to the borrower cannot fall below five percent. Likewise, the downpayment requirements have been adjusted to require \$750 down on the first \$25,000 of the purchase price and 10 percent of any amount over \$25,000; the purchaser must also pay closing costs. As described by HUD, the intended beneficiaries of the program are households within the \$9,000 to \$11,000 income range rather than a substantially lower-income group served under the original program.

The ultimate fate of the Section 235 program is unknown at this time. There is sufficient outstanding contract authority to carry the program through fiscal year 1979. Within the next year or two, the Carter Administration and the Congress will reach a decision point for continuing or abandoning the program. In the meantime, it will continue to operate as one facet of the HUD housing assistance effort.

Farmers Home Administration Program Overview

While the HUD housing programs are larger in budgetary scale and most prominent in central cities and metropolitan areas, the Farmers Home Administration (FmHA) of the U.S. Department of Agriculture has a long-standing set of housing programs particularly relevant in the extensive eight-county Centralina region.

Long able to serve rural areas and communities up to a population level of 10,000, recent changes now permit FmHA to operate in communities between 10,000 and 20,000 population if they are not located within standard metropolitan statistical areas and meet certain other criteria. For the Centralina region, FmHA programs can be used throughout most of the region and have been successfully utilized within the non-Charlotte portions of Mecklenburg County itself.

Unlike the HUD programs, the Farmers Home Administration housing assistance programs did not undergo a major shake-up during the Nixon Administration; the array of programs continue to operate in tact. In part, because of overburdened staff and limited personnel resources, however, the agency frequently turns back unused funding authorizations. Likewise, it has never implemented the rent supplement program authorized under the Housing and Community Development Act of 1974. Among those concerned with rural housing needs, the most significant factor for the full utilization of FmHA programs lies not in statutory or budgetary areas but in the appointment of a new Administrator.

The former executive director of the Housing Assistance Council, Gordon Cavanaugh, was recently appointed by President Carter to be the new Administrator of FmHA. The Housing Assistance Council is a non-profit organization deeply committed to rural housing problems and the full utilization of federal resources in addressing them. The organization was instrumental in securing passage of the rent supplement program noted above and has frequently been a critic of both the FmHA and HUD housing program administration.

The appointment of Cavanaugh as FmHA Administrator signals to many the prospect of a reinvigorated housing effort, full utilization of available funding resources, a more sympathetic interest in the housing needs of the nonfarm rural poor and implementation of the previously

authorized rent supplement program. Though these have yet to take concrete form, a different tone in the agency's operation is expected as Cavanaugh's influence on it is felt. To briefly recapitulate the range of FmHA housing assistance, major programs are highlighted below.

Section 502 Rural Home Ownership. The major share of FmHA's housing assistance is provided under its basic home ownership loan program, known as Section 502 after the 1949 housing act section which created it. Since ownership is the primary tenure form in rural areas, roughly 90 percent of FmHA's housing loans and grants in any fiscal year are made under the auspices of this program.

In contrast to the indirect role typically played by HUD in the origination of mortgages, FmHA normally originates and services the Section 502 loans on a direct basis. Loans under the program are designed to help owner-occupant rural families of low- and moderate-incomes whose circumstances bar access to private financing. Section 502 loans may be used for new construction, repairs to already owned dwellings, and the purchase of existing housing. The loan may be as large as the "normal value of the security," thus eliminating the need for a downpayment when circumstances warrant.

FmHA was originally authorized to serve as HUD's agent under the Section 235 program; the chronic scarcity of local credit sources in rural areas and small towns frustrated use of the Section 235 program, however, and FmHA terminated its role. The legislation which empowered HUD to provide interest subsidies, the Housing and Community Development Act of 1968 also provided FmHA its own separate interest subsidy authority which it thus implemented. This authority is administered under what is known as the interest credit program since it involves crediting the qualified borrower with some portion of the interest costs of the loan. Administered in the

same manner as the regular Section 502 program, interest credits may be used to reduce the effective borrowing rate to as low as one percent.

Section 515 Rural Rental Program. Rural rental and cooperative housing has been one of FmHA's fastest growing programs. The Section 515 program provides both subsidized (interest credit) and unsubsidized loans for multi-family projects for the elderly and low- to moderate-income households. To deepen the subsidy under the program, two other programs have been authorized for use in conjunction with Section 515 loans:

(1) HUD's Section 8 program; and (2) FmHA's rent supplement program.

From the outset of HUD's Section 8 housing assistance program, it could be piggybacked with FmHA 515 loans for rural multi-family projects. While many sponsors were successful in combining the two programs, a "double-track" approval process was required and delays were frequently encountered. Under the double-track system, project proposals went back and forth between HUD and FmHA so each could fully review and approve the aspects related to its program interests.

Beginning in December 1976, new processing procedures were implemented to simplify project approvals for new construction. In much the same way that HUD established state housing finance agency set-asides, it allocated 10,000 Section 8 unit reservations for development in conjunction with FmHA Section 515 financing. Under this new "single-track" set of processing procedures, FmHA operates under a memorandum of agreement with HUD to ensure that Section 8 regulations are met.

These new processing procedures should assist in the combined use of Section 8 assistance payments and FmHA 515 financing; soon, however, FmHA will implement its own rent supplement program.

FmHA's own rent supplement program was authorized in the Housing and Urban Development Act of 1974 but never implemented by the agency. Program

regulations are now finally being written and the program should be operational under Administrator Cavanaugh's tutelage. Though the implementing regulations have not yet been published and the relative utility of the program in comparison to Section 8 is not yet clear, some observers consider the Section 8 program a broader subsidy vehicle: it takes utility costs into account in computing the difference between ability to pay and the rental amount, for example.

There are also those who criticize the basic scheme of the FmHA rent supplement program on fiscal management grounds. Unlike the HUD Section 8 program, in which housing assistance payments are made from current appropriations, the FmHA program would make rent supplement payments from the agency's insurance fund up to authorized limits; the direct outlays would then be restored by Congressional appropriation in the following fiscal year. Such spending without a line item appropriation is considered an unnecessary risk to the insurance fund and a fiscally questionable practice.

Although the use and relative merits of the HUD Section 8 and FmHA rent supplement programs in conjunction with Section 515 financing have yet to crystallize, one continuing program regulation is considered a nettlesome impediment to full utilization of the program. Even if a project is intended to include only subsidized units, the sponsor must still document a demand for units if they were offered at market rates. Since ownership is the preferred tenure pattern among rural households that can afford it, it is difficult to establish the demand for market-rate rental units in some areas.

As the foregoing suggest, the fast-growing Section 515 rural rental program is in a state of flux. Not until the rent supplement regulations are published and greater experience in combining the long-term financing vehicle with it or Section 8 housing assistance payments, will its future as a subsidy vehicle be clear. It is and will remain, however, a principal

vehicle for providing rental housing in rural areas to low- and moderate-income families.

Section 504 Home Repair Loans and Grants. Loans and grants under this program are designed for those without sufficient income to qualify for regular Section 502 loans. Available up to a maximum of \$5,000, these loans generally carry a one percent interest rate and repayment term up to 20 years. The addition of cooking and/or toilet facilities is a frequent purpose of these loans. Other eligible improvements include repairing roofs, supplying screens and repairing or providing structural supports.

For elderly applicants who cannot afford to repay the loans even under the favorable terms outlined above, either a combination grant/loan or simply a grant alone may be made to finance necessary repairs depending on ability to pay.

Section 523/524 Rural Housing Site Loans. Some nonprofit sponsors such as community action agencies have been particularly successful in drawing on this program for front-end working capital in their efforts to develop subdivisions of subsidized housing. The program provides direct or insured loans to public and nonprofit organizations to acquire and develop land in rural areas as building sites for nonprofit sale to low- and moderate-income families.

With repayment due in two years, sites developed through these loans may be sold to families that qualify for FmHA interest credit long-term financing on the construction of a new home or to eligible sponsors of a Section 515 multi-family rental project. Fairly recent regulations limit the circumstances under which the program may be used, however.

In the first place, new projects must be contiguous to already built-up areas in a rural community. In the second place, projects and subdivisions must be tied-in with sewage treatment systems rather than on-site septic units. Despite these limitations, the program provides a useful resource for public and nonprofit organizations in developing sites for subsidized rural housing.

North Carolina Housing Finance Agency

The General Assembly in 1969 enacted the North Carolina Housing Corporation Act in response to its findings that there continues to exist in North Carolina a serious shortage of decent, safe and sanitary housing available to families of modest means, and that the private sector has not been able to produce this required housing without public assistance. This legislation established the North Carolina Housing Corporation, which, due to a variety of circumstances, never became operational. A 1973 amendment to the original legislation created the present North Carolina Housing Finance Agency, the successor to the North Carolina Housing Corporation, as the primary vehicle for the state's involvement in housing. As a public agency and instrumentality of the state, the North Carolina Housing Finance Agency is mandated to "provide financing for residential construction, new or rehabilitated, for sale or rental to persons of lower income." To effectuate its corporate purposes, the North Carolina Housing Finance Agency is authorized by the legislation to provide for the issuance of up to \$200,000,000 in tax-exempt revenue bonds.

The North Carolina legislation reflects a nationwide pattern, where states have sought to define and assert appropriate roles for themselves in addressing the chronic problems of housing. Given the sensitivity of short-run housing production levels to the supply and price of long-term debt capital, the provision of mortgage financing through housing finance agencies is viewed by many states as an effective instrument for

state involvement in housing. More specifically, state housing finance agencies are seen as offering the potential for improving the housing delivery system in several important respects, including:

1. Increasing the flow of mortgage monies into a state by tapping the national money markets.
2. Providing mortgage money at lower interest rates by exploiting a state's credit-worthiness, the tax-exempt status of its securities, and differential interest rates between bond and mortgage markets.
3. Leveraging minimal direct government expenditures into significant private investment in subsidized housing construction.
4. Increasing the flow of federal housing subsidies into states.
5. Filling voids in federal and local housing programs.
6. Providing technical assistance to local governments.

Consistent with most other state housing finance agencies, the powers of the North Carolina Housing Finance Agency are extremely broad. Under the amended legislation, the agency is empowered to do the following, among other things:

1. To participate in any federally assisted lease programs for persons of lower income under any federal legislation.
2. To make or participate in the making of mortgage loans to sponsors of residential housing, when such loans are not available from private lenders upon reasonably equivalent terms.
3. To purchase or participate in the purchase of mortgage loans made by mortgage lenders to sponsors of residential housing or to persons of lower income for residential housing.

4. To purchase or participate in the purchase of mortgage loans made by private lenders where the proceeds will be used by mortgage lenders for making new mortgage loans to sponsors of residential housing or to persons of lower income for residential housing.
5. To provide technical and advisory services to sponsors, builders and developers of residential housing and to residents thereof.
6. To promote research and development in the scientific methods of constructing low-cost residential housing of high durability.

Despite its broad powers, the North Carolina Housing Finance Agency has yet to approach its full potential for a number of reasons. The agency entered the national money market only in August 1976, with a bond issue of \$16.2 million. This borrowing was at an average net interest rate of 6.75 percent, nearly two percent below the prevailing FHA mortgage interest rate of 8.5 percent (plus four points). At present, virtually all of the proceeds have been committed to mortgage financing.

Although it is empowered to make direct loans, the agency thus far has chosen to view its role primarily as a conduit between the national money markets and private lenders, who place and service mortgage loans, charging the agency fees for their services. Thus, the agency has restricted its mortgage financing activities to secondary market operations somewhat akin to a state version of Ginnie Mae or Fannie Mae. This restriction to secondary market operations is attributed by agency officials to two reasons. First, North Carolina's legislation states that the agency shall not make mortgage loans without first determining that it is not in direct competition with private lenders. Second, the establishment within the agency of a statewide capability to underwrite and service mortgage loans is considered too costly and inefficient, requiring an unmanageable bureaucracy to administer such a program.

In addition to placement and service fees paid to private lenders, operating costs of the Housing Finance Agency reduce the point spread between state mortgage loans and conventional mortgage financing to about one point. Although not specifically written into the enabling legislation, the North Carolina Housing Finance Agency, unlike similar agencies in other states, is designed to be economically self-sufficient, with operating costs defrayed primarily by interest accruing on its capital reserve fund and only minimal state appropriations.

Beyond its secondary mortgage operations, the North Carolina Housing Finance Agency has also been active in administering Section 8 funds throughout the state. During fiscal year 1977, the agency received \$2.8 million in Section 8 set-asides, predominantly for new construction and substantial rehabilitation.

The agency also administers federal funds from the Appalachian Regional Commission. Under this program, agency personnel are administering a \$500,000 revolving fund used for grants and loans to offset pre-construction costs for housing development. Although the agency has authority to insure mortgages, this fund has never received appropriations.

According to the agency's executive director, possibilities for future activity include direct state financing in connection with the Section 8 program and extension of the single-family mortgage financing. The agency is also interested in developing programs which link the agency's strong borrowing capacity with local government expertise in administering urban rehabilitation and multi-family housing construction programs. Given its \$200 million bonding authorization, the agency has enormous potential to expand its housing efforts. What appears to be lacking are demonstrably feasible mechanisms which link the state's financial capability with local government's management expertise.

